

Message Text

CONFIDENTIAL

PAGE 01 ROME 11868 01 OF 02 221730Z

46

ACTION EUR-12

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INFO AMCONSUL NAPLES

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AMEMBASSY BERN

C O N F I D E N T I A L SECTION 1 OF 2 ROME 11868

E.O. 11652: GDS

TAGS: PINT, IT

SUBJECT: VIEWS OF ITALIAN COMMUNIST PARTY OFFICIAL

SUMMARY. AN ITALIAN COMMUNIST PARTY (PCI) OFFICIAL EXPRESSED SATISFACTION OVER THE RECENT ELECTION RESULTS AND STATED THAT THEY WERE THE BEST THAT COULD HAVE BEEN EXPECTED. THE PCI WILL REMAIN FLEXIBLE IN ITS RELATIONSHIP TO THE NEXT ITALIAN GOVERNMENT PROVIDING THAT THE PARTY'S ROLE IN THE NEW PARLIAMENT IS RECOGNIZED AND THAT IT IS NOT PLACED IN THE OPPOSITION PREJUDICIALLY BY ANY OF THE OTHER PARTIES. THE PCI RECOGNIZES THE NEED FOR MAJOR ECONOMIC REFORM AND IS PREPARED TO PLAY A CONSTRUCTIVE ROLE IN LEGISLATIVE PROCESS TOWARD THIS END. THE PARTY SEES A MILD ECONOMIC UPSWING DURING THE NEXT FEW MONTHS FOLLOWED BY ANOTHER DOWNWARD TREND AROUND NOVEMBER. END SUMMARY.

1. IN A CONVERSATION WITH EMBOFF, A RESPONSIBLE PCI OFFICIAL EXPRESSED COMPLETE SATISFACTION WITH THE RESULTS OF THE JUNE 20-21 PARLIAMENTARY ELECTIONS. HE ACKNOWLEDGED THAT SOME PCI EXPONENTS HAD INITIALLY BEEN DEEPLY DISAPPOINTED THAT THE PCI HAD FAILED TO OVERTAKE THE CHRISTIAN DEMOCRATS (DC) AS THE NATION'S LARGEST SINGLE PARTY. HOWEVER, AS COOLER HEADS PRE-
CONFIDENTIAL

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PAGE 02 ROME 11868 01 OF 02 221730Z

VAILED, A GENERAL CONSENSUS WAS REACHED THAT FINAL RETURNS

RESULTING IN THE EMERGENCE OF THE PCI AS THE LARGEST PARTY AT THE SAME TIME THAT THE SMALL LAY PARTIES SUFFERED MAJOR REVERSES WOULD HAVE BEEN THE WORST POSSIBLE FOR THE COUNTRY. IN THE OFFICIAL'S VIEW, THE ELECTION RESULTS MAKE AN EVENTUAL HISTORIC COMPROMISE VIRTUALLY INEVITABLE.

2. ACCORDING TO OUR SOURCE, THE PCI WAS SOMEWHAT SURPRISED AT THE STRENGTH OF THE DC RECOVERY. HE ATTRIBUTED THIS PARTIALLY TO THE FEAR CAMPAIGN UPON WHICH THE DC LEADERS BASED THEIR ELECTORAL EFFORT AND TO THE DC ABILITY TO HOLD ITS OWN AMONG THE YOUTH VOTE. AT THE SAME TIME HE STRESSED THAT THE DC MADE ITS RECOVERY AT THE EXPENSE OF ITS TRADITIONAL ALLIES. IN ANY EVENT, PLEASED AS IT WAS WITH ITS OWN ADVANCE, THE PCI IS OBVIOUSLY DISAPPOINTED AT THE FACT THAT THE DC WAS ABLE TO INCREASE THE DISTANCE BETWEEN ITSELF AND THE PCI IN COMPARISON WITH THE RESULTS OF THE 1975 ADMINISTRATIVE ELECTIONS.

3. WHILE THE PCI IS STILL PURSUING ITS CALL FOR A GOVERNMENT OF NATIONAL EMERGENCY, OUR SOURCE SAID IT IS NOT FIRMLY WEDDED TO THIS POSITION AT THE EXPENSE OF OTHER POSSIBLE SOLUTIONS FOR THE NATION'S POLITICAL CRISIS. IN RETURN FOR AN ELEMENT OF FLEXIBILITY IN ITS POSITION, THE PCI INSISTS ON HAVING A FORMAL ROLE IN THE ORGANIZATION OF THE PARLIAMENT (WHICH IT OBTAINED BY GETTING THE PRESIDENCY OF THE CHAMBER OF DEPUTIES AND OF SOME COMMITTEES) AND ON NOT BEING PLACED PREJUDICIALLY IN THE OPPOSITION. THE PCI IS PREPARED TO SIT AROUND THE TABLE AND TO DISCUSS A GOVERNMENT PROGRAM WITH THE OTHER PARTIES. IF IT REALIZES THAT AN ACCORD CANNOT BE REACHED, IT WILL GO INTO OPPOSITION ON ITS OWN INITIATIVE WITHOUT BEING PLACED THERE BY OTHERS. IN RESPONSE TO A QUESTION, THE SOURCE WOULD NOT RULE OUT, HOWEVER, A PCI ABSTENTION FOR A DC MONOCOLORE GOVERNMENT, INDICATING THAT IT IS POSSIBLE THAT THE DC COULD PROPOSE A PROGRAM ACCEPTABLE AT LEAST IN PART TO THE PCI.

4. SOURCE SAW AS ONE OF THE UNFORTUNATE RESULTS OF THE ELECTION THE REVERSES SUFFERED BY THE SOCIALISTS (PSI). HE SAID THAT THE ELECTORATE PUNISHED THE PSI FOR A SERIES OF POLITICAL ERRORS, INCLUDING PRECIPITATING THE EARLY ELECTIONS AND FAILING TO ESTABLISH A CLEARLY IDENTIFIABLE POLITICAL LINE. TO A

CONFIDENTIAL

PAGE 03 ROME 11868 01 OF 02 221730Z

LARGE EXTENT THE PSI HAS CEDED THE LEFT OF THE ITALIAN POLITICAL SPECTRUM TO THE PCI, AND OUR SOURCE COULD NOT SEE AN IMMINENT PSI RECOVERY SINCE THE CURRENT LEADERSHIP DID NOT HAVE IN THE WINGS A YOUNGER GROUP OF POTENTIAL (AND COMPETENT) LEADERS. DURING THE CONVERSATION WHICH OCCURED PRIOR TO THE SELECTION OF CRAXI AS THE NEW PSI SECRETARY, THE PCI OFFICIAL SAID THAT THE ONLY INTELLIGENT THING THE SOCIALISTS HAD DONE IN THE POST-ELECTORAL PERIOD WAS TO SELECT CRAXI AS

THE PARTY'S GROUP LEADER IN THE CHAMBER OF DEPUTIES. CHARACTERIZING CRAXI AS A STRONG ANTI-COMMUNIST, SOURCE SAID HE IS, NEVERTHELESS, HIGHLY INTELLIGENT AND ONE OF THE FEW LEADERS WITHIN THE PARTY WHO MIGHT HAVE A CHANCE OF GIVING IT A NEW IMAGE.

5. THE PCI OFFICIAL INDICATED THAT HIS PARTY'S EXPERTS SEE AN IMPROVEMENT IN THE PERFORMANCE OF THE ITALIAN ECONOMY THROUGH NOVEMBER AT WHICH TIME ANOTHER DECLINE IS LIKELY TO SET IN. ONE OF THE MOST TROUBLING FACTORS AT THIS TIME IS THE MAGNITUDE OF THE NATION'S SHORT TERM DEBT WHICH EQUALS 25 PERCENT OF THE GNP. PCI ECONOMIC EXPERTS DO NOT KNOW HOW ALL THIS DEBT CAN BE COVERED WHEN IT FALLS DUE, AND BELIEVE THAT AT LEAST ONE-THIRD OF IT WILL HAVE TO BE PICKED UP BY THE BANK OF ITALY, A FACTOR LIKELY TO CONTRIBUTE TO THE INFLATIONARY PROCESS.

CONFIDENTIAL

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PAGE 01 ROME 11868 02 OF 02 221735Z

46

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C O N F I D E N T I A L SECTION 2 OF 2 ROME 11868

6. IN TERMS OF THE NATION'S CURRENT ECONOMIC CRISIS, THE PCI LEADERSHIP BELIEVES THAT REFORMS OF PUBLIC ADMINISTRATION AND REDUCTION OF PUBLIC SPENDING TO BRING DOWN THE SIZE OF THE GOVERNMENT DEBT ARE AT THE TOP OF THE LIST OF PROBLEMS WHICH HAVE TO BE ADDRESSED BY THE NEXT GOVERNMENT. IN RESPONSE TO A QUESTION ON THE RISING COST OF ITALIAN LABOR, THE SOURCE SAID HIS PARTY RECOGNIZES THE DAMAGE THIS IS DOING TO THE

ECONOMY. SPECIFICALLY, HE INDICATED THAT THE PCI IS PREPARED TO SUPPORT REVISIONS IN THE WAGE ESCALATION PROCESS; HOWEVER, HE STRESSED THAT IT WOULD HAVE TO BE DONE ACCORDING TO A METHOD WHICH WOULD CAUSE THE MAJOR SACRIFICES TO BE BORNE BY THE HIGHER SALARIED EMPLOYEES. IN ANY EVENT, THE PCI IS PREPARED TO PLAY A CONSTRUCTIVE LEGISLATIVE ROLE IN THE PROCESS OF TRYING TO AFFECT MAJOR ECONOMIC REFORMS.

7. THE SOURCE EXPLAINED THE PCI DECISION TO ADVANCE THE NAME OF ON. INGRAO FOR THE PRESIDENCY OF THE CHAMBER AS AN ATTEMPT TO UTILIZE THE TALENTS OF A PARTY OFFICIAL WHO HAD BEEN PUSHED TO THE SIDELINES IN RECENT YEARS. THE SOURCE PRAISED INGRAO AS BEING INTELLIGENT, HONEST AND HIGHLY DISCIPLINED, AND HE SUGGESTED THAT HIS EXCESSIVE EMPHASIS ON MORALITY AND IDEOLOGICAL PURITY HAD LED TO A DEGREE OF RIGIDITY ON MATTERS OF PRACTICAL POLITICS. THIS HAD DESTROYED HIS CHANCES OF MOVING
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ROME 11868 02 OF 02 221735Z

TO THE TOP LEADERSHIP POSITION OF THE PCI. AT THE SAME TIME, THESE QUALITIES ENSURE THAT HE WILL HANDLE THE RESPONSIBILITIES OF HIS NEW JOB IN A TOTALLY IMPARTIAL MANNER. IN FACT, THE PCI IS CONVINCED THAT IT WAS EASIER FOR THE DC DEPUTIES TO VOTE FOR THE "HARDLINING" INGRAO THAN FOR THE OTHER PROSPECTIVE PCI CANDIDATES FOR THE POST.

8. EMBOFF USED OCCASION OF THE CONVERSATION TO RAISE AGAIN QUESTION OF SLANDEROUS ARTICLE AGAINST AMBASSADOR NATHANIEL DAVIS WHICH APPARED IN L'UNITA JULY 1. (EMBOFF HAD EARLIER DISCUSSED ARTICLE IN A TELEPHONE CONVERSATION WITH SOURCE.) HE STRESSED THAT THE ARTICLE, ACCUSING DAVIS OF BEING AT THE HEAD OF A GROWING CIA OPERATION IN SWITZERLAND DIRECTED AGAINST WESTERN EUROPEAN COMMUNIST PARTIES, IS THE TYPE ONE WOULD EXPECT TO SEE IN PRAVDA, UTILIZING ALLEGATIONS FROM A THIRD PARTY (IN THIS CASE A SWISS PROFESSOR), TO SUPPORT A LINE FOR WHICH THE PAPER HAD NO INDEPENDENT PROOF. HE ADDED THAT THIS TYPE OF HOSTILE ARTICLE DOES LITTLE TO CONVINCE ONE THAT THE PCI WISHES TO BE NEITHER ANTI-SOVIET NOR ANTI-AMERICAN. SOURCE SAID THAT HE HAD DISCUSSED THE SUBJECT WITH HIS PARTY COLLEAGUES AND WITH THE EDITOR OF L'UNITA. HE NOTED THAT L'UNITA DOES NOT LIKE TO RECEIVE DIRECTIONS AND HAD REACTED SOMEWHAT SENSITIVELY TO THE QUESTIONING ABOUT THE ARTICLE. SOURCE SAID THAT L'UNITA BELIEVED IT HAD GOOD SOURCES FOR THE STORY, AND HE SMILED WHEN MENTIONING THAT IT HAD COME FROM PEOPLE WE CONSIDERED TO BE "FRIENDS." DESPITE THIS, SOURCE SAID HE TOOK NOTE OF THEOBJECTION EMBOFF WAS RAISING. VOLPE

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